

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

FUNDING SUMMARY

Applicant:	Seneca Healthcare District ("Seneca" or "Borrower")	Amount Requested:	Not to exceed \$750,000
Applicant Address:	130 Brentwood Drive Chester, CA 96020 Plumas County	Resolution Number:	HII-224
Date Requested:	June 26, 2008	Loan Term:	No later than sixty (60) days following the adoption of a 2008-2009 budget by the State of California

Background of Financing:	Many rural hospitals are facing unanticipated and staggering financial burdens associated with the anticipated State budget impasse and delayed Medi-Cal reimbursements; hence they are not receiving their regular Medi-Cal reimbursements. Consequently, Seneca is seeking funding to bridge the financial gap in order to finance vital health services for their communities.
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Purpose:	Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State's budget impasse.
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Financial Overview:	Based on the most recent audited financial statements, Seneca's revenues from FY 2005 to FY 2007 have continued to increase, resulting in improved operations during this period. In FY 2007, Seneca's 1.91X debt service coverage exceeds CHFFA's minimum requirements for debt service coverage of 1.10X. This funding is expected to facilitate Seneca's daily operations until the State budget passes.
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Financing Structure:	<ul style="list-style-type: none">▪ The aggregate loan balance shall be repaid in full no later than sixty (60) days following the adoption of a 2008-2009 budget by the State of California.▪ Loan proceeds are to be disbursed on an as-needed basis in a total amount not to exceed the hospital's third-party-approved Medi-Cal claim.▪ Possible reduction of the Authority's loan origination fee of 1.25%.▪ Lien on gross revenues.
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Due Diligence:	Due diligence of the following items has been completed or will be completed prior to closing: <ul style="list-style-type: none">▪ Religious Due Diligence▪ Legal Review▪ Community Service Obligation▪ CEQA/Seismic/Pass through (Not required)
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Staff Recommendation:	Staff recommends the Authority approve a Resolution in an amount not to exceed \$750,000 for Seneca Healthcare District subject to financing terms acceptable to the Authority.
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Seneca Healthcare District
Statement of Activities

	For the Year Ended June 30,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenue and support:			
Net patient service revenue	\$11,321,501	\$10,017,666	\$10,269,168
Other operating revenues	146,530	70,722	23,733
District tax revenue	979,393	912,523	866,470
Capital grants and contributions	75,246	44,541	115,751
Non-capital grant revenues	9,401	4,031	38,157
Investment income	9,944	9,199	5,807
Total revenue and support	<u>12,542,015</u>	<u>11,058,682</u>	<u>11,319,086</u>
Expenses:			
Salaries and wages	3,967,722	3,783,570	4,165,268
Employee benefits	1,145,705	1,276,088	1,423,151
Professional fees	2,744,771	2,835,084	2,477,858
Purchased services	813,945	524,257	560,344
Supplies	851,767	750,988	1,012,133
Repairs and Maintenance	108,449	153,014	150,941
Utilities and telephone	281,181	269,204	290,138
Rental and Leases	153,903	176,061	130,393
Insurance	122,490	97,871	81,623
Depreciation and Amortization	462,717	414,650	441,155
Provision for bad debts	1,468,880	745,915	705,952
Interest expense	187,952	134,204	120,968
Other non-operating expenses	0	96,728	22,004
Other operating expense	109,292	108,934	150,136
Total expenses	<u>12,418,774</u>	<u>11,366,568</u>	<u>11,732,064</u>
Change in net assets	123,241	(307,886)	(412,978)
Net assets, beginning of year	<u>2,456,239</u>	<u>2,764,125</u>	<u>3,177,103</u>
Net assets, end of year	<u>\$2,579,480</u>	<u>\$2,456,239</u>	<u>\$2,764,125</u>

Seneca Healthcare District
Financial Position

	As of June 30,		
	2007	2006	2005
Assets:			
Current assets			
Cash and equivalents	\$81,236	\$67,686	\$73,008
Patients account receivable, net of allowance	2,373,919	1,580,773	1,366,404
Other receivables	122,841	74,605	75,888
Estimated third party payor settlements receivables	0	48,392	101,059
Inventories	267,849	275,585	262,427
Prepaid expenses and deposits	17,250	28,960	28,913
Total Current Assets	2,863,095	2,076,001	1,907,698
Other assets:			
Assets limited to use	148,931	183,445	215,510
Capital assets - Net of accumulated depreciation	3,417,073	3,273,427	3,564,488
Other assets	21,639	23,782	26,353
	3,587,643	3,480,654	3,806,351
Total assets	\$6,450,738	\$5,556,655	\$5,714,049
Liabilities and net assets:			
Current liabilities:			
Current maturities of long-term debt	\$310,593	\$218,131	\$202,709
Accounts payable and accrued expenses	1,461,856	1,070,257	820,913
Accrued payroll and related liabilities	249,444	240,886	214,748
Estimated third party payor settlements	82,703	0	0
Total current liabilities	2,104,596	1,529,273	1,238,370
Long term debt, net of current maturities	1,766,662	1,571,143	1,711,554
Total liabilities	3,871,258	3,100,416	2,949,924
Net assets:			
Invested in capital assets, net of related debt	1,339,818	1,484,153	1,650,225
Unrestricted net assets	1,239,662	972,086	1,113,900
Total net assets	2,579,480	2,456,239	2,764,125
Total liabilities and net assets	\$6,450,738	\$5,556,655	\$5,714,049

Financial Ratios:

Proforma (a)
FYE June, 2007

Debt service coverage (x)	1.91	1.91	0.72	0.45
Debt/Unrestricted Net Assets (x)	0.97	0.81	0.15	0.69
Margin (%)		(3.65)	(2.78)	(0.98)
Current Ratio (x)		1.36	1.36	1.54

(a) Recalculates 2007 audited results to include the impact of this proposed financing.